

Voluntary Report - public distribution

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Pakistan

Grain and Feed

Wheat Update

2003

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Report Highlights:

The Government of Pakistan has announced 17 percent increase in official wheat procurement price. Secondly, in an effort to increase wheat supply the government has also eliminated 25 percent import tariff for wheat.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Islamabad [PK]
[PK]

Summary:

On November 19, the Government of Pakistan announced initiatives to address the market impact of this year's wheat supply situation.

First, to increase wheat production, the government raised its MY 2004/05 official wheat procurement price to Rupees 8,750 per MT. This price represents a 17 percent increase over the MY 2003/04 price (Rupees 7,500 per MT) and the first such increase in the government rate in three years. The government's action is expected greater production thru higher application of man-made inputs (i.e., inorganic fertilizers, herbicides, etc.,) which use has been on the decline in recent years due to rising costs for those inputs plus diesel and electricity. Additional acreage brought into production is expected to be nominal due to market competition for other cash crops and to the current planting situation. A just ending national strike at sugarcane processing facilities caused late harvest of the sugar cane on lands normally double-cropped with wheat. Winter wheat should be in the ground by December 1, but with the late cane harvest this target date will be stretched for those who do not shift to alternative production.

Secondly, to increase wheat supply to dampen the market's reaction to low stock availability, the government eliminated the import tariff for wheat (previously set at 25 percent). Press articles report the government expects upwards of 500,000 MT will need to be imported this year to stabilize prices and rebuild strategic stocks before the next crop harvest in April/May 2004.

Official exchange rate is Rupees 57.20 = US\$1.00